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Senate Engrossed

State of Arizona
Senate
Forty-seventh Legislature
First Regular Session
2005

SENATE BILL 1529

AN ACT

AMENDING SECTIONS 42-1001, 43-105, 43-1041, 43-1088, 43-1089 AND 43-1089.01,
ARIZONA REVISED STATUTES; RELATING TO TAXATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 42-1001, Arizona Revised Statutes, is amended to
3 read:

4 42-1001. Definitions

5 In this title, unless the context otherwise requires:

6 1. "Board" or "state board" means either the state board of tax
7 appeals or the state board of equalization, as applicable.

8 2. "Court" means the tax court or superior court, whichever is
9 applicable.

10 3. "Department" means the department of revenue.

11 4. "Director" means the director of the department.

12 5. "Internal revenue code" means the United States internal revenue
13 code of 1986, as amended and in effect as of January 1, ~~2004~~ 2005, including
14 those provisions that became effective during ~~2003~~ 2004 with the specific
15 adoption of their retroactive effective dates but excluding all changes to
16 the code enacted after January 1, ~~2004~~ 2005.

17 Sec. 2. Section 43-105, Arizona Revised Statutes, is amended to read:

18 43-105. Internal revenue code; definition; application

19 A. FOR PURPOSES OF COMPUTING INCOME TAX PURSUANT TO THIS TITLE, FOR
20 TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2004 THROUGH DECEMBER 31,
21 2005, "INTERNAL REVENUE CODE" MEANS THE UNITED STATES INTERNAL REVENUE CODE
22 OF 1986, AS AMENDED, IN EFFECT ON JANUARY 1, 2005, INCLUDING THOSE PROVISIONS
23 THAT BECAME EFFECTIVE DURING 2004 WITH THE SPECIFIC ADOPTION OF ALL FEDERAL
24 RETROACTIVE EFFECTIVE DATES, BUT EXCLUDING ANY CHANGE TO THE CODE ENACTED
25 AFTER JANUARY 1, 2005.

26 ~~A.~~ B. For purposes of computing income tax pursuant to this title,
27 for taxable years beginning from and after December 31, 2003 through December
28 31, 2004, "internal revenue code" means the United States internal revenue
29 code of 1986, as amended, in effect on January 1, 2004, including those
30 provisions that became effective during 2003 with the specific adoption of
31 all federal retroactive effective dates, ~~but excluding any change to the code~~
32 ~~enacted after January 1, 2004~~ AND INCLUDING THOSE PROVISIONS OF THE WORKING
33 FAMILIES TAX RELIEF ACT OF 2004 (P.L. 108-311) AND THE AMERICAN JOBS CREATION
34 ACT OF 2004 (P.L. 108-357) THAT ARE RETROACTIVELY EFFECTIVE DURING TAXABLE
35 YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2003 THROUGH DECEMBER 31, 2004.

36 ~~B.~~ C. For purposes of computing income tax pursuant to this title,
37 for taxable years beginning from and after December 31, 2002 through December
38 31, 2003, "internal revenue code" means the United States internal revenue
39 code of 1986, as amended, in effect on January 1, 2003, including those
40 provisions that became effective during 2002 with the specific adoption of
41 all federal retroactive effective dates and including those provisions of THE
42 WORKING FAMILIES TAX RELIEF ACT OF 2004 (P.L. 108-311), THE AMERICAN JOBS
43 CREATION ACT OF 2004 (P.L. 108-357), the jobs and growth tax relief
44 reconciliation act of 2003 (P.L. 108-27), the military family tax relief act
45 of 2003 (P.L. 108-121) and the medicare prescription drug, improvement, and
46 modernization act of 2003 (P.L. 108-173) that are retroactively effective

1 during taxable years beginning from and after December 31, 2002 through
2 December 31, 2003.

3 ~~E.~~ D. For purposes of computing income tax pursuant to this title,
4 for taxable years beginning from and after December 31, 2001 through December
5 31, 2002, "internal revenue code" means the United States internal revenue
6 code of 1986, as amended, in effect on March 9, 2002, including those
7 provisions that became effective during 2001 with the specific adoption of
8 all federal retroactive effective dates and including those provisions of [THE](#)
9 [WORKING FAMILIES TAX RELIEF ACT OF 2004 \(P.L. 108-311\)](#), [THE AMERICAN JOBS](#)
10 [CREATION ACT OF 2004 \(P.L. 108-357\)](#), the jobs and growth tax relief
11 reconciliation act of 2003 (P.L. 108-27) and the military family tax relief
12 act of 2003 (P.L. 108-121) that are retroactively effective during taxable
13 years beginning from and after December 31, 2001 through December 31, 2002.

14 ~~D.~~ E. For purposes of computing income tax pursuant to this title,
15 for taxable years beginning from and after December 31, 2000 through December
16 31, 2001, "internal revenue code" means the United States internal revenue
17 code of 1986, as amended, in effect on January 1, 2001, including those
18 provisions that became effective during 2000 with the specific adoption of
19 all federal retroactive effective dates and including those provisions of [THE](#)
20 [WORKING FAMILIES TAX RELIEF ACT OF 2004 \(P.L. 108-311\)](#), [THE AMERICAN JOBS](#)
21 [CREATION ACT OF 2004 \(P.L. 108-357\)](#), the economic growth and tax relief
22 reconciliation act of 2001 (P.L. 107-16), the job creation and worker
23 assistance act of 2002 (P.L. 107-147) and the military family tax relief act
24 of 2003 (P.L. 108-121) that are retroactively effective during taxable years
25 beginning from and after December 31, 2000 through December 31, 2001.

26 ~~E.~~ F. For purposes of computing income tax pursuant to this title,
27 for taxable years beginning from and after December 31, 1999 through December
28 31, 2000, "internal revenue code" means the United States internal revenue
29 code of 1986, as amended, in effect on January 1, 2000, including those
30 provisions that became effective during 1999 with the specific adoption of
31 all federal retroactive effective dates and including those provisions of the
32 community renewal tax relief act of 2000 (P.L. 106-554), the installment tax
33 correction act of 2000 (P.L. 106-573), FSC repeal and extraterritorial income
34 exclusion act of 2000 (P.L. 106-519), the trade and development act of 2000
35 (P.L. 106-200), the economic growth and tax relief reconciliation act of 2001
36 (P.L. 107-16), the job creation and worker assistance act of 2002
37 (P.L. 107-147) and the military family tax relief act of 2003 (P.L. 108-121)
38 that are retroactively effective during taxable years beginning from and
39 after December 31, 1999 through December 31, 2000.

40 ~~F.~~ G. For purposes of computing income tax pursuant to this title,
41 for taxable years beginning from and after December 31, 1998 through December
42 31, 1999, "internal revenue code" means the United States internal revenue
43 code of 1986, as amended, in effect on January 1, 1999, including those
44 provisions that became effective during 1998 with the specific adoption of
45 all federal retroactive effective dates and including those provisions of the
46 miscellaneous trade and technical corrections act of 1999 (P.L. 106-36), the

1 ticket to work and work incentives improvement act of 1999 (P.L. 106-170),
 2 the community renewal tax relief act of 2000 (P.L. 106-554), the installment
 3 tax correction act of 2000 (P.L. 106-573) and the military family tax relief
 4 act of 2003 (P.L. 108-121) that are retroactively effective during taxable
 5 years beginning from and after December 31, 1998 through December 31, 1999.

6 ~~G.~~ H. For purposes of computing income tax pursuant to this title,
 7 for taxable years beginning from and after December 31, 1997 through December
 8 31, 1998, "internal revenue code" means the United States internal revenue
 9 code of 1986, as amended, in effect on January 1, 1998, including those
 10 provisions that became effective during 1997 with the specific adoption of
 11 all federal retroactive effective dates and including those provisions of the
 12 IRS restructuring and reform act of 1998 (P.L. 105-206), the tax and trade
 13 relief extension act of 1998 (P.L. 105-277), the surface transportation
 14 revenue act of 1998 (P.L. 105-178), the miscellaneous trade and technical
 15 corrections act of 1999 (P.L. 106-36) and the military family tax relief act
 16 of 2003 (P.L. 108-121) that are retroactively effective during the taxable
 17 years beginning from and after December 31, 1997 through December 31, 1998.

18 ~~H.~~ I. For purposes of computing income tax pursuant to this title,
 19 for taxable years beginning from and after December 31, 1996 through December
 20 31, 1997, "internal revenue code" means the United States internal revenue
 21 code of 1986, as amended, in effect on January 1, 1997, including those
 22 provisions that became effective during 1996 with the specific adoption of
 23 all federal retroactive effective dates and including the provisions of the
 24 taxpayer relief act of 1997 (P.L. 105-34), the IRS restructuring and reform
 25 act of 1998 (P.L. 105-206), the tax and trade relief extension act of 1998
 26 (P.L. 105-277) and the military family tax relief act of 2003 (P.L. 108-121)
 27 that are retroactively effective during taxable years beginning from and
 28 after December 31, 1996 through December 31, 1997.

29 ~~I.~~ J. For purposes of computing income tax pursuant to this title,
 30 for taxable years beginning from and after December 31, 1995 through December
 31 31, 1996, "internal revenue code" means the United States internal revenue
 32 code of 1986, as amended, in effect on January 1, 1996, including those
 33 provisions that became effective during 1995 with the specific adoption of
 34 their retroactive effective date and including those provisions of the small
 35 business job protection act of 1996 (P.L. 104-188; 110 Stat. 1755), the
 36 health insurance portability and accountability act of 1996 (P.L. 104-191;
 37 110 Stat. 1936), the personal responsibility and work opportunity
 38 reconciliation act of 1996 (P.L. 104-193; 110 Stat. 2105), the taxpayer
 39 relief act of 1997 (P.L. 105-34), the IRS restructuring and reform act of
 40 1998 (P.L. 105-206) and the tax and trade relief extension act of 1998
 41 (P.L. 105-277) that are retroactively effective during taxable years
 42 beginning from and after December 31, 1995 through December 31, 1996.

43 ~~J.~~ K. For purposes of computing income tax pursuant to this title,
 44 for taxable years beginning from and after December 31, 1994 through December
 45 31, 1995, "internal revenue code" means the United States internal revenue
 46 code of 1986, as amended, in effect on January 1, 1995, including those

1 provisions that became effective during 1994 with the specific adoption of
2 their retroactive effective date and including those provisions of the small
3 business job protection act of 1996 (P.L. 104-188; 110 Stat. 1755), the
4 health insurance portability and accountability act of 1996 (P.L. 104-191;
5 110 Stat. 1936), the personal responsibility and work opportunity
6 reconciliation act of 1996 (P.L. 104-193; 110 Stat. 2105), the taxpayer
7 relief act of 1997 (P.L. 105-34), the IRS restructuring and reform act of
8 1998 (P.L. 105-206) and the tax and trade relief extension act of 1998
9 (P.L. 105-277) that are retroactively effective during taxable years
10 beginning from and after December 31, 1994 through December 31, 1995.

11 ~~K. For purposes of computing income tax pursuant to this title, for~~
12 ~~taxable years beginning from and after December 31, 1993 through December 31,~~
13 ~~1994, "internal revenue code" means the United States internal revenue code~~
14 ~~of 1986, as amended, in effect on January 1, 1994, including those provisions~~
15 ~~that became effective during 1993 with the specific adoption of their~~
16 ~~retroactive effective date and including those provisions of the small~~
17 ~~business job protection act of 1996 (P.L. 104-188; 110 Stat. 1755), the~~
18 ~~health insurance portability and accountability act of 1996 (P.L. 104-191;~~
19 ~~110 Stat. 1936), the personal responsibility and work opportunity~~
20 ~~reconciliation act of 1996 (P.L. 104-193; 110 Stat. 2105), the taxpayer~~
21 ~~relief act of 1997 (P.L. 105-34), the IRS restructuring and reform act of~~
22 ~~1998 (P.L. 105-206) and the tax and trade relief extension act of 1998~~
23 ~~(P.L. 105-277) that are retroactively effective during taxable years~~
24 ~~beginning from and after December 31, 1993 through December 31, 1994.~~

25 Sec. 3. Section 43-1041, Arizona Revised Statutes, is amended to read:

26 43-1041. Optional standard deduction

27 A. A taxpayer may elect to take a standard deduction as follows:

28 1. In the case of a single person or a married person filing
29 separately, the standard deduction shall be four thousand fifty dollars,
30 SUBJECT TO SUBSECTION G OF THIS SECTION.

31 2. In the case of a married couple filing a joint return or a single
32 person who is a head of a household, the standard deduction shall be eight
33 thousand one hundred dollars, SUBJECT TO SUBSECTION G OF THIS SECTION.

34 B. The standard deduction provided for in subsection A of this section
35 shall be in lieu of all itemized deductions allowed by section 43-1042 which
36 are to be subtracted from Arizona adjusted gross income in computing taxable
37 income, but not in lieu of the personal exemption allowed by section 43-1043.

38 C. The standard deduction shall be allowed if the taxpayer so elects,
39 and the department shall by rule prescribe the manner of signifying such
40 election in the return.

41 D. In the case of a husband and wife, the standard deduction provided
42 for in subsection A of this section shall not be allowed to either if the
43 taxable income of one of the spouses is determined without regard to the
44 standard deduction.

1 E. The standard deduction provided for by subsection A of this section
2 shall not be allowed in the case of a taxable year of less than twelve months
3 on account of a change in the accounting period.

4 F. Under rules adopted by the department, a change of an election to
5 take, or not to take, the standard deduction for any taxable year may be made
6 after the filing of the return for such year. If the spouse of the taxpayer
7 filed a separate return for any taxable year corresponding, for the purposes
8 of subsection D of this section, to the taxable year of the taxpayer, the
9 change shall not be allowed unless, in accordance with such rules, both
10 paragraphs 1 and 2 of this subsection apply:

11 1. The spouse makes a change of election with respect to the standard
12 deduction for the taxable year covered in such separate return consistent
13 with the change of election sought by the taxpayer.

14 2. The taxpayer and spouse consent in writing to the assessment,
15 within such period as may be agreed upon with the department, of any
16 deficiency, to the extent attributable to such change of election, even
17 though at the time of the filing of such consent the assessment of such
18 deficiency would otherwise be prevented by the operation of any law or rule
19 of law.

20 G. FOR EACH TAXABLE YEAR BEGINNING ON OR AFTER JANUARY 1, THE
21 DEPARTMENT SHALL ADJUST THE DOLLAR AMOUNTS PRESCRIBED BY SUBSECTION A,
22 PARAGRAPHS 1 AND 2 OF THIS SECTION ACCORDING TO THE AVERAGE ANNUAL CHANGE IN
23 THE METROPOLITAN PHOENIX CONSUMER PRICE INDEX PUBLISHED BY THE UNITED STATES
24 BUREAU OF LABOR STATISTICS. THE REVISED DOLLAR AMOUNTS SHALL BE RAISED TO
25 THE NEAREST WHOLE DOLLAR. THE DESIGNATED DOLLAR AMOUNTS SHALL NOT BE REVISED
26 BELOW THE AMOUNTS ALLOWED BY THE STANDARD DEDUCTION IN THE PRIOR TAXABLE
27 YEAR.

28 Sec. 4. Section 43-1088, Arizona Revised Statutes, is amended to read:

29 43-1088. Credit for contribution to charitable organization
30 that provides assistance to the working poor:
31 definitions

32 A. For taxable years beginning from and after December 31, 1997, a
33 credit is allowed against the taxes imposed by this title for voluntary cash
34 contributions made by the taxpayer during the taxable year to a qualifying
35 charitable organization as determined pursuant to subsection ~~E~~ F of this
36 section, but not exceeding:

37 1. Two hundred dollars in any taxable year FOR A SINGLE INDIVIDUAL OR
38 A HEAD OF HOUSEHOLD.

39 ~~2. The two hundred dollar limitation applies to taxpayers who elect to~~
40 ~~file a joint return for the taxable year.~~ THREE HUNDRED DOLLARS IN TAXABLE
41 YEAR 2005 FOR A MARRIED COUPLE FILING A JOINT RETURN.

42 3. FOUR HUNDRED DOLLARS IN TAXABLE YEAR 2006 AND ANY SUBSEQUENT YEAR
43 FOR A MARRIED COUPLE FILING A JOINT RETURN.

44 B. A husband and wife who file separate returns for a taxable year in
45 which they could have filed a joint return may each claim only one-half of
46 the tax credit that would have been allowed for a joint return.

1 ~~B.~~ C. If the allowable tax credit exceeds the taxes otherwise due
2 under this title on the claimant's income, or if there are no taxes due under
3 this title, the taxpayer may carry forward the amount of the claim not used
4 to offset the taxes under this title for not more than five consecutive
5 taxable years' income tax liability.

6 ~~C.~~ D. The credit allowed by this section is in lieu of a deduction
7 pursuant to section 170 of the internal revenue code and taken for state tax
8 purposes.

9 ~~D.~~ E. Taxpayers taking a credit authorized by this section shall
10 provide the name of the qualifying charitable organization and the amount of
11 the contribution to the department of revenue on forms provided by the
12 department.

13 ~~E.~~ F. The credit under this section applies only to contributions to
14 qualifying charitable organizations that exceed the total amount deducted
15 pursuant to section 170 of the internal revenue code in the taxpayer's
16 baseline year. The taxpayer's baseline year is:

17 1. The 1996 taxable year if the taxpayer deducted charitable
18 contributions pursuant to section 170 of the internal revenue code in the
19 1996 taxable year.

20 2. If the taxpayer did not deduct charitable contributions pursuant to
21 section 170 of the internal revenue code in the 1996 taxable year, the
22 taxpayer's baseline year is the first taxable year after 1996 that the
23 taxpayer deducted charitable contributions pursuant to section 170 of the
24 internal revenue code.

25 ~~F.~~ G. A qualifying charitable organization shall provide the
26 department of revenue with a written certification that it meets all criteria
27 to be considered a qualifying charitable organization. The organization
28 shall also notify the department of any changes that may affect the
29 qualifications under this section. The department shall compile and make
30 available to the public a list of the qualifying organizations.

31 ~~G.~~ H. For THE purposes of this section:

32 1. "Low income ~~individuals~~ RESIDENTS" means persons whose household
33 income is less than one hundred fifty per cent of the federal poverty level.

34 2. "Qualifying charitable organization" means a charitable
35 organization that is exempt from federal income taxation under section
36 501(c)(3) of the internal revenue code or is a designated community action
37 agency that receives community services block grant program monies pursuant
38 to 42 United States Code section 9901. The organization must spend at least
39 fifty per cent of its budget on services to residents of this state who
40 receive temporary assistance for needy families benefits or low income
41 residents of this state and their households. Taxpayers choosing to make
42 donations through an umbrella charitable organization that collects donations
43 on behalf of member charities shall designate that the donation be directed
44 to a member charitable organization that would qualify under this section on
45 a stand-alone basis.

1 3. "Services" means cash assistance, medical care, child care, food,
2 clothing, shelter, job placement and job training services or any other
3 assistance that is reasonably necessary to meet immediate basic needs and
4 that is provided and used in this state.

5 Sec. 5. Section 43-1089, Arizona Revised Statutes, is amended to read:

6 43-1089. Credit for contributions to school tuition
7 organization; definitions

8 A. A credit is allowed against the taxes imposed by this title for the
9 amount of voluntary cash contributions made by the taxpayer during the
10 taxable year to a school tuition organization, but not exceeding:

11 1. Five hundred dollars in any taxable year for a single individual or
12 a head of household.

13 2. ~~Six hundred twenty-five~~ EIGHT HUNDRED TWENTY-FIVE dollars in ~~any~~
14 taxable year 2005 for a married couple filing a joint return.

15 3. ONE THOUSAND DOLLARS IN TAXABLE YEAR 2006 AND ANY SUBSEQUENT YEAR
16 FOR A MARRIED COUPLE FILING A JOINT RETURN.

17 B. A husband and wife who file separate returns for a taxable year in
18 which they could have filed a joint return may each claim only one-half of
19 the tax credit that would have been allowed for a joint return.

20 ~~B.~~ C. If the allowable tax credit exceeds the taxes otherwise due
21 under this title on the claimant's income, or if there are no taxes due under
22 this title, the taxpayer may carry the amount of the claim not used to offset
23 the taxes under this title forward for not more than five consecutive taxable
24 years' income tax liability.

25 ~~C.~~ D. The credit allowed by this section is in lieu of any deduction
26 pursuant to section 170 of the internal revenue code and taken for state tax
27 purposes.

28 ~~D.~~ E. The tax credit is not allowed if the taxpayer designates the
29 taxpayer's ~~donation~~ CONTRIBUTION to the school tuition organization for the
30 direct benefit of any dependent of the taxpayer.

31 ~~E.~~ F. A school tuition organization that receives a voluntary cash
32 contribution pursuant to subsection A shall report to the department, in a
33 form prescribed by the department, by February 28 of each year the following
34 information:

35 1. The name, address and contact name of the school tuition
36 organization.

37 2. The total number of contributions received during the previous
38 calendar year.

39 3. The total dollar amount of contributions received during the
40 previous calendar year.

41 4. The total number of children awarded educational scholarships or
42 tuition grants during the previous calendar year.

43 5. The total dollar amount of educational scholarships and tuition
44 grants awarded during the previous calendar year.

45 6. For each school to which educational scholarships or tuition grants
46 were awarded:

1 (a) The name and address of the school.
2 (b) The number of educational scholarships and tuition grants awarded
3 during the previous calendar year.
4 (c) The total dollar amount of educational scholarships and tuition
5 grants awarded during the previous calendar year.
6 ~~F.~~ G. For the purposes of this section:
7 1. "Handicapped student" means a student who has any of the following
8 conditions:
9 (a) Hearing impairment.
10 (b) Visual impairment.
11 (c) Preschool moderate delay.
12 (d) Preschool severe delay.
13 (e) Preschool speech or language delay.
14 2. "Qualified school" means a nongovernmental primary school or
15 secondary school or a preschool for handicapped students that is located in
16 this state, that does not discriminate on the basis of race, color, handicap,
17 familial status or national origin and that satisfies the requirements
18 prescribed by law for private schools in this state on January 1, 1997.
19 3. "School tuition organization" means a charitable organization in
20 this state that is exempt from federal taxation under section 501(c)(3) of
21 the internal revenue code and that allocates at least ninety per cent of its
22 annual revenue for educational scholarships or tuition grants to children to
23 allow them to attend any qualified school of their parents' choice. In
24 addition, to qualify as a school tuition organization the charitable
25 organization shall provide educational scholarships or tuition grants to
26 students without limiting availability to only students of one school.
27 Sec. 6. Section 43-1089.01, Arizona Revised Statutes, is amended to
28 read:
29 43-1089.01. Tax credit; public school fees and contributions;
30 definitions
31 A. A credit is allowed against the taxes imposed by this title for the
32 amount of any fees or cash contributions made by a taxpayer during the
33 taxable year to a public school located in this state for the support of
34 extracurricular activities or character education programs of the public
35 school, but not exceeding:
36 1. Two hundred dollars for a single individual or a head of household.
37 2. ~~Two~~ THREE hundred ~~fifty~~ dollars IN TAXABLE YEAR 2005 for a married
38 couple filing a joint return.
39 3. FOUR HUNDRED DOLLARS IN TAXABLE YEAR 2006 AND ANY SUBSEQUENT YEAR
40 FOR A MARRIED COUPLE FILING A JOINT RETURN.
41 B. A husband and wife who file separate returns for a taxable year in
42 which they could have filed a joint return may each claim only one-half of
43 the tax credit that would have been allowed for a joint return.
44 ~~B.~~ C. The credit allowed by this section is in lieu of any deduction
45 pursuant to section 170 of the internal revenue code and taken for state tax
46 purposes.

1 ~~C.~~ D. If the allowable tax credit exceeds the taxes otherwise due
2 under this title on the claimant's income, or if there are no taxes due under
3 this title, the taxpayer may carry the amount of the claim not used to offset
4 the taxes under this title forward for not more than five consecutive taxable
5 years' income tax liability.

6 ~~D.~~ E. The site council of the public school that receives
7 contributions that are not designated for a specific purpose shall determine
8 how the contributions are used at the school site. If a charter school does
9 not have a site council, the principal, director or chief administrator of
10 the charter school shall determine how the contributions that are not
11 designated for a specific purpose are used at the school site.

12 ~~E.~~ F. A public school that receives fees or a cash contribution
13 pursuant to subsection A of this section shall report to the department, in a
14 form prescribed by the department, by February 28 of each year the following
15 information:

16 1. The total number of fee and cash contribution payments received
17 during the previous calendar year.

18 2. The total dollar amount of fees and contributions received during
19 the previous calendar year.

20 3. The total dollar amount of fees and contributions spent by the
21 school during the previous calendar year, categorized by specific
22 extracurricular activity or character education program.

23 4. The total number of children who participated in each
24 extracurricular activity or character education program funded by the fees or
25 contributions during the previous calendar year, categorized by specific
26 extracurricular activity or character education program.

27 ~~F.~~ G. For the purposes of this section:

28 1. "Character education programs" means a program described in section
29 15-719.

30 2. "Extracurricular activities" means school sponsored activities that
31 require enrolled students to pay a fee in order to participate including fees
32 for:

33 (a) Band uniforms.

34 (b) Equipment or uniforms for varsity athletic activities.

35 (c) Scientific laboratory materials.

36 (d) In-state or out-of-state trips that are solely for competitive
37 events. Extracurricular activities ~~does~~ DO not include any senior trips or
38 events that are recreational, amusement or tourist activities.

39 Sec. 7. Temporary tax deduction; Tsunami victims relief

40 For taxable years beginning from and after December 31, 2003 and before
41 December 31, 2004, Arizona will recognize the provisions of Public Law 109-1
42 concerning charitable cash contributions for relief of Indian ocean Tsunami
43 victims when determining allowable charitable contributions under section 170
44 of the internal revenue code.

45 Sec. 8. Retroactivity

1 Section 43-1041, Arizona Revised Statutes, as amended by this act,
2 applies retroactively to taxable years beginning from and after December 31,
3 2004.